Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Provision of Directory Listing Information	)	
Under the Communications Act of 1934,	)	CC Docket No. 99-273
As Amended	)	
	)	
The Use of N11 Codes and Other	)	CC Docket No. 92-105
Abbreviated Dialing Arrangements	)	
	)	
Administration of the North American	)	CC Docket No. 92-237
Numbering Plan	)	

REPLY COMMENTS OF TELEGATE, INC.

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Dated: April 30, 2002

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REPLY COMMENTS OF TELEGATE, INC.

Telegate, Inc. (Telegate), by its attorneys, submits the following reply comments in response to the Notice of Proposed Rulemaking (*NPRM*) issued by the Federal Communications Commission (FCC) in the above-captioned proceeding.[1]

I. INTRODUCTION

As Telegate explained in its initial comments, the incumbent local exchange carriers' (LECs') control over 411, combined with their monopoly in the local exchange market, has allowed them effectively to foreclose robust competition for directory assistance (DA) services. The FCC can remedy this situation by implementing 411 presubscription or, alternatively, by replacing 411 with a new numbering scheme. Either approach would bring a wide variety of benefits to consumers, including lower prices;

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[1] *Provision of Directory Listing Information Under the Communications Act of 1934, As Amended*, Notice of Proposed Rulemaking, CC Docket Nos. 99-273, 92-105, 92-237, 17 FCC Rcd 1164 (2002).

better service (*e.g.*, improved accuracy and quicker response time); more innovation (*e.g.*, call completion, locator services, concierge services); more targeted service for minority communities (*e.g.*, Spanish-language DA); and new job opportunities.

In the discussion below, Telegate addresses certain arguments raised in the initial comments. Specifically, Telegate refutes the Bell Operating Companies' (BOCs') claims that the FCC lacks the legal authority to ensure that consumers have easy access to the DA provider of their choice. Telegate also rebuts the BOCs' misguided attempts to characterize the retail DA market as competitive and to dismiss the European experience as inapposite to the U.S. DA market. Finally, Telegate addresses technical and cost issues related to implementing 411 presubscription.

II. DISCUSSION

A. The FCC Has the Legal Authority to Implement the Numbering Changes Suggested by Telegate

Despite SBC's attempts to confuse the issue, the Commission clearly has the legal authority to mandate 411 presubscription or assign alternative dialing codes. SBC apparently misunderstands the proposals raised in the *NPRM*. This proceeding is not about "dialing parity" pursuant to 47 U.S.C. § 251(b)(3).[2] Rather, the issue at stake in this proceeding is customers' access to DA services and the incumbent LECs' right to use the 411 code for DA services – matters subject to the Commission's authority pursuant to 47 U.S.C. §§ 201(b) and 251(e).

[2] In fact, experience in Europe makes clear that mere dialing parity is not enough to promote competition for DA services. Competition will not take hold as long as the incumbents retain control over the default code (*i.e.*, 411). *See* Telegate Comments at 6-18.

As Telegate explained in its initial comments, section 201(b) confers broad authority on the Commission to promote competition for telecommunications-related services.[3] The Commission previously relied on this authority to implement presubscription for interexchange services and can certainly exercise it again to implement presubscription for DA services.[4]

Moreover, the FCC has plenary authority over numbering administration, including the assignment of N11 codes.[5] The Commission never assigned the 411 code to the incumbent LECs for the provision of DA services. It therefore reserves the ability to condition the incumbent LECs' continued use of the 411 code on the implementation of 411 presubscription. Thus, the FCC has multiple alternative sources of legal authority for implementing the procompetitive proposals described in the *NPRM*.

B. The Market for Retail DA Services is Not Sufficiently Competitive

The incumbent providers attempt to minimize the extent of the problems with the current state of retail DA services, claiming both that the retail DA market is sufficiently competitive and that it is shrinking. Most of these arguments are based on the "Frost & Sullivan Report on Wireline Directory Services Market 2001" (Frost & Sullivan).[6] Although Telegate disagrees with the conclusions that the BOCs draw from the Frost & Sullivan report, it agrees with many of the statements contained in the Frost & Sullivan

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[3] Telegate Comments at 24-26.

[4] *See* Letter of March 29, 2002, from Anne C. Boyle, Chair of the Nebraska Public Service Commission to the FCC, filed in CC Docket No. 99-273 on April 1, 2002 (*Nebraska PSC Letter*) ("we envision [DA] as a service similar to equal access to IXCs.")

[5] *See* 47 U.S.C. § 251(e).

[6] *See, e.g.*, BellSouth Comments at 10-13, *citing* Wireline Directory Service Market, 6050-63, Frost & Sullivan, 2001.

report itself. For example, Telegate agrees with Frost & Sullivan that "[t]he development and marketing of new products by the service providers is helping expand DA usage among commercial and consumer customers."[7] Recognizing this potential for growth, Telegate has taken the lead in introducing many innovations in DA service in countries where it provides service.[8] Telegate also concurs that the "[a]vailability of multilingual operators expands acceptance and demand for [DA] service."[9] This is one of the reasons that Telegate already is using multilingual operators at its call center in San Bernardino, California.

In addition, the BOCs' self-serving statements regarding the competitiveness of the market for retail DA services are contradicted by the comments of state commissions and other pro-consumer groups. The Nebraska Public Service Commission, for example, stated that the "exclusive use of 411 for ILECs is anti-consumer and anti-competitive."[10] Similarly, the New Jersey Division of the Ratepayer Advocate noted that the incumbent LECs' control of the 411 code is a barrier to entry "and a deterrent to the development of a competitive market."[11] Similarly, the Consumer Federation of America noted that

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[7] Frost & Sullivan at 1.

[8] In Europe, Telegate's role as an innovator has been widely recognized. For instance, in November 2000, the region of Piedmont awarded Telegate Italia the Greenfield Prize for being the foreign company of the year, with the most innovative business practices and job-creating potential. *See* <http://www.telegate.it/news/greenfield.htm>.

[9] Frost & Sullivan at 15.

[10] *Nebraska PSC letter.*

[11] Comments of the New Jersey Division of the Ratepayer Advocate, CC Docket No. 99-273, at 4 (March 18, 2002) (supporting implementation of 411 presubscription).

"consumers suffer a host of ills due to the monopoly control of ... ILECs over 411,"[12] and Consumers Union explained that "[a]llowing the RBOCs to control 411 permits them to offer consumers poor service for high prices."[13] As these comments make clear, the retail market for DA services is far from competitive. Equally clear is the fact that the incumbent LECs' control over 411 is a key cause of this lack of competition. As several parties noted, 411 is the easiest and best way to offer DA services.[14] New DA providers therefore will be hard-pressed to compete effectively without access to the 411 code.[15]

C. Western Europe's Experience with DA is Highly Relevant to the FCC's Analysis

As explained at length in Telegate's initial comments, the European experience proves that countries with highly developed telecommunications infrastructures can rapidly introduce robust competition into the DA sector, provided all players have fair and equal access to numbering resources. The European experience thus provides strong evidence that the FCC could achieve similar results were it to assign all providers, including the incumbent LECs, DA codes of equal familiarity and length. One way for the FCC to achieve this goal would be to mandate 411 presubscription. Other solutions that place all DA providers on an equal footing would work equally well.

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[12] Comments of the Consumer Federation of America, CC Docket No. 99-273 (April 29, 2002) at 1-2 (urging the Commission to introduce competition into directory assistance by giving alternative providers access to the 411 code).

[13] Letter of Consumers Union, CC Docket No. 99-273 (April 29, 2002) at 1-2 (voicing support for opening the market to competitive DA).

[14] *See, e.g.,* Comments of AT&T at 2 ("Generations of Americans have dialed 411 to obtain telephone number information"); Frost & Sullivan at 66 (discussing the "continued invasion of ILECs into the national directory assistance market" as end users migrate from 1+NPA products to 411).

[15] *See* Frost & Sullivan at 45 ("[t]he majority of national directory assistance users are not aware of the one source single number products offered by AT&T and WorldCom").

SBC and others claim that European markets are so vastly different from the U.S. market that European experiences with DA are wholly inapplicable to the United States.[16] This simply is not the case. For instance, SBC states that "in sharp contrast to the U.S. local exchange marketplace" today, Germany's "main incumbent provider . . . faced little local exchange competition at the time DA dialing code policy changes were being considered."[17] Far from being a difference, this lack of competition is actually one of the more striking similarities between the German and U.S. markets. It is well documented that SBC and other incumbent LECs face "little local exchange competition" in the United States today.[18]

SBC also attempts to distinguish European carriers from American incumbent LECs on the basis that the European carriers "have been part of government entities well into the 1990s, and as a result many have operated inefficiently."[19] The critical factor with respect to DA competition is not government ownership, but market power. SBC and its fellow BOCs still retain market power with respect to local exchange and exchange access services. SBC's claim that the "U.S. ILEC service quality for DA is high"[20] is also contradicted by reports that DA operators routinely "give out wrong

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[16] *See, e.g.,* SBC Comments at 52-55; Verizon Comments at 17 (claiming that "the European experience is irrelevant.")

[17] SBC Comments at 53.

[18] *See Local Telephone Competition: Status as of June 30, 2001*, Industry Analysis Division, Common Carrier Bureau, Table 1 (Feb. 2002) (incumbent LECs serve over 90% of all local exchange customers in the United States).

[19] SBC Comments at 52.

[20] *Id.* at 53.

numbers or can't find the number at all."[21] This hardly qualifies as "high quality" service, particularly given that the caller often ends up paying for the misinformation.[22]

Although Western European markets are not identical to the U.S. market, they are sufficiently similar to make the European regulators' experiences with DA instructive. Surely SBC does not expect the FCC simply to ignore the fact that Western European countries with highly developed economies were able to improve the quality and breadth of the DA services available to their consumers dramatically by introducing competition into the DA market. Significantly, these benefits were made possible only by stripping the incumbent provider of the exclusive use of the default DA codes.[23] Thus, the European experience shows that competition will not exist unless all parties are afforded

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[21] *Information Operators Often Get It Wrong, Survey Says*, Associated Press, June 18, 2000; *See, also*, Anne Marie Chaker, *The Cranky Consumer: Getting a Telephone Number*, The Wall Street Journal, April 16, 2002 (describing how several DA services, including Verizon's, "frequently gave out wrong numbers in a test."); Jim Frost, *4-1-1 Mistakes Cost Callers Millions: Need the Numbers For Yellowstone National Park? Or Even Comiskey? Try Again*, Chicago Sun-Times, June 18, 2000 ("At least one out of three calls to directory assistance resulted in a wrong number, in a test by the Chicago Sun-Times."). During the last quarter of 2001, Telegate commissioned an independent study of the U.K. DA market. This study found that competitive DA providers' accuracy rates and quality of service were vastly superior to that of the incumbent.

[22] *See* Laura Lippman, *411 Is a Joke*, Slate Magazine (March 21, 2002), *available at* <http://slate.msn.com/?id=2063324>; *Nebraska PSC letter* (discussing carriers' "undeserved revenues" derived from "inaccurate directory information"); Kathy Lynn Gray, *Accuracy Suffers Under New System Mistakes Costing Consumers Plenty*, The Columbus Dispatch, September 11, 2000 (estimating that inaccurate DA information is "costing consumers $300 million a year" based on the industry's own accuracy figures); *See also* Paul Davidson, *Directory Assistance Could Get Cheaper; FCC May Force Bells to Let Rivals Use 411*, USA Today, January 10, 2002 ("In some cities, prices for 411 have at least doubled over the past two years . . . . Yet, FCC officials say, consumers increasingly grouse about wrong numbers and poor service.")

[23] SBC is correct in noting that European companies have chosen to rely on new codes, such as 118XY, to promote competition for DA services. However, as Telegate explained in its initial comments, this reflects an attempt to adopt a pan-European 118-based dialing code, rather than a bias against presubscription. *See* Telegate Comments at 5, n. 9.

fair and equal access to DA codes.[24] This lesson is as applicable in the United States as it is in the United Kingdom, Germany or Ireland.

D. The European Experience Is Confirmed By the Lack of Widespread Acceptance Of 10-10 Dial-Around Numbers in the U.S.

The BOCs assert that dial-around 10-10-XXX(X) numbers offer a viable alternative to 411.[25] WorldCom's experience with its dial-around product, 10-10-9000, clearly disproves this assertion. Despite having spent years of effort and millions of dollars, WorldCom has not been able to make 10-10-9000 a viable alternative to the shorter and better known 411 code.

In 1999, WorldCom introduced its dial-around product. By dialing 10-10-9000, callers were able to get two listings for 99 cents, which was significantly cheaper than many of the LECs' 411 products, and generally cheaper than 1-NPA-555-1212. By offering a high-quality DA product for less money, WorldCom expected 10-10-9000 to capture a significant share of the market. To achieve this goal, WorldCom launched a massive marketing campaign, including TV commercials featuring celebrities like James Garner. Despite these efforts, 10-10-9000 has never come close to achieving the success that WorldCom initially envisioned. Although 10-10-9000 remains in WorldCom's product portfolio, it has never achieved widespread consumer acceptance.

The lackluster performance of 10-10-9000 proves that even under the best of circumstances, a lengthy alternative DA code cannot successfully compete against 411.

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[24] Telegate initially proposed 411 presubscription as a means of placing all competitors on an equal footing because the FCC already has experience with presubscription in the interLATA and intraLATA contexts. Ultimately, however, Telegate is indifferent as to the means used, as long as the end result is that all DA providers have equal access to numbering resources.

[25] *See, e.g.*, Verizon Comments at 10.

Like the unsuccessful efforts of many European carriers to market "branded" alternatives to the incumbent's short codes, WorldCom's difficulty with 10-10-9000 confirms that competition will not exist in the United States unless all parties are afforded fair and equal access to DA codes.

E. The BOCs Exaggerate the Technical Difficulties and Financial Costs Associated with 411 Presubscription

1. Telegate's Proposal is Technically Feasible and Cost Effective

The BOCs overstate the technical difficulties and financial costs associated with 411 presubscription. SBC in particular either misunderstands or mischaracterizes Telegate's presubscription proposal, as supported by the Celentano 2000 Affidavit,[26] and based on erroneous assumptions, concludes that the proposal is technically infeasible and/or prohibitively expensive.

Most notably, SBC incorrectly asserts that Mr. Celentano proposes adding an "additional layer" on top of existing AIN networks – "a national SMS/SCP/STP network – to be administered by a third-party database administrator" and requiring "a third party SCP to communicate with any LEC AIN network."[27] According to SBC, "such a national network could well be technically infeasible" and, "at best, . . . would add unnecessary expense."[28]

SBC fundamentally misreads Telegate's presubscription proposal. As the attached Celentano Reply Declaration makes clear, Telegate's proposal would not

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[26] On March 10, 2000, Telegate submitted to the FCC in CC Docket No. 99-273 a detailed proposal for 411 presubscription, including an in-depth affidavit prepared by John M. Celentano (Celentano 2000 Affidavit) showing that this proposal could be implemented in a cost-effective and timely manner.

[27] SBC Comments at 30, 31.

[28] *Id.* at 30.

involve a new national signaling network, or an additional layer on top of existing networks, or any third party SCPs.[29] Rather, Telegate believes that 411 presubscription could be readily implemented by taking advantage of the *existing* AIN architecture that already serves well over 85% of the total access lines in the country today.[30] Specifically, Telegate envisages that its proposal would require the addition of one new SCP pair that would be dedicated to presubscribed DA service in each of the original seven RBOC regions. Each new SCP pair would become part of the existing regional signaling network, and would be managed by the BOC in that region. Each new SCP would contain routing data for each DA provider that is operating in the region.[31] The addition of these new SCP pairs is clearly technically feasible, and would not entail the inflated cost and time estimates cited by SBC.

SBC also mistakenly asserts that implementing 411 presubscription would require either the FCC or carriers to confront "unresolved" routing issues.[32] In fact, DA calls would be routed in a manner that is identical to other presubscribed calls. Like 1+ calls, for instance, presubscribed 411 calls would be switched onto Feature Group D trunks.[33]

Finally, SBC exaggerates the expense and time required for incumbent LECs to implement changes to their ordering and billing systems in order to accommodate 411 presubscription.[34] In fact, the service order processing, service activation, and billing

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[29] Declaration of John M. Celentano, filed herewith as Attachment A (Celentano Reply Declaration) ¶¶ 4, 7.

[30] *Id.* ¶ 4.

[31] *Id.* ¶ 7.

[32] SBC Comments at 35-36.

[33] Celentano Reply Declaration ¶ 5.

[34] *See* SBC Comments at 32-33.

procedures that would be required for 411 presubscription would be the same as those already in place for long distance presubscription. As a result, incumbent LECs could readily adapt their existing ordering and billing systems to accommodate 411 presubscription.[35]

As the above facts make clear, 411 presubscription could be readily implemented in a cost-effective and timely manner.[36] Even if Telegate's original estimate were *doubled*, 411 presubsciption could be implemented for under $50 million. These one-time costs are relatively minor in light of overall size of the DA market (over $3 billion), and the various benefits that consumers will reap on an ongoing basis once the DA market is opened to competition. In addition, Telegate continues to believe that the equipment and software needed for an initial rollout of presubscribed DA could be ready for use by the incumbent LECs in less than a year.[37]

2. The BOCs' Cost Estimates Are Misleading

In an effort to divert attention from the sizeable benefits that consumers will enjoy once the DA market is opened to competition, the BOCs, as discussed above, have inflated the costs associated with implementing 411 presubscription. One way that the BOCs arrive at these inflated estimates is by including costs that are not 411-specific. Some BOCs, for instance, include within their overall cost estimates the cost of implementing certain more general network upgrades (*e.g.*, making all switches AIN-

[35] Celentano Reply Declaration ¶ 8.

[36] SBC correctly points out that some additional costs would be incurred in activating the 411 trigger in each SSP. *See* SBC Comments at 34. The process is not nearly as onerous or costly as SBC tries to make it seem, however. *See* Celentano Reply Declaration ¶ 6 (explaining that the cost of inputting the necessary features would be minimal, and would be part of the cost of routine maintenance).

[37] Celentano Reply Declaration ¶ 10.

capable) that will enable capabilities beyond just 411 presubscription. In evaluating the relative benefits and costs associated with 411 presubscription, the Commission should weigh the specific costs of implementing 411 presubscription against the specific benefits presubscription would bring. If the Commission chooses to consider a wider range of costs, it should balance them against the correspondingly wider range of benefits that would result.

The Commission's rulings in its local number portability (LNP) proceeding provide a useful guide for identifying which costs properly should be considered in evaluating the costs and benefits of 411 presubscription. Following the logic of the LNP precedents, the Commission should consider only those incremental costs that are directly attributable to implementing 411 presubscription.[38] These include all of the dedicated costs that are solely attributable to enabling 411 presubscription (*e.g.*, new SCPs) and a portion of the joint costs associated with new investments that directly support the provision of 411 presubscription (*e.g.*, a share of switch software upgrades and AIN modifications).[39]

The incumbent LECs attempt to confuse the issue, however, by including the costs of general network upgrades in their discussion of 411 presubscription. If upgrading the network facilities would have eventually occurred for other reasons, or will serve other purposes once accomplished, then the costs of these replacements and

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[38] *See, e.g., Telephone Number Portability Cost Classification Proceeding,* Memorandum Opinion and Order, 13 FCC Rcd 24495 at ¶¶ 6-7 (1998) (*Cost Classification Order*) (distinguishing "eligible LNP costs" that are directly related to providing local number portability from network upgrade costs, which are not "eligible LNP costs."); *Telephone Number Portability,* Third Report and Order, 13 FCC Rcd 11701, ¶ 7 (1998) (*LNP Third Report and Order*).

[39] These costs were addressed in the Celentano 2000 Affidavit.

upgrades should not be attributed to developing the capability for 411 presubscription.[40] The Commission therefore should not be misled by the BOCs' attempts to inflate the estimated costs of implementing 411 presubscription by assuming that *all* costs associated with upgrading their switches are properly attributable to 411 prescription. Verizon, for example, includes the costs of making all of its switches AIN-capable as part of its cost estimate for providing 411 presubscription.[41] It seems likely that the BOCs will deploy AIN throughout their networks at some point regardless of whether the FCC requires 411 presubscription. Thus, the only cost possibly attributable to the introduction of DA competition is the incremental cost of accelerating AIN deployment that is directly related to 411 presubscription.[42]

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[40] In the *LNP Cost Classification Order* the Commission established a two-part test to govern the recovery of costs associated with implementing LNP. Costs were eligible for recovery only if they "(1) would not have been incurred by the carrier 'but for' the implementation of number portability; and (2) were incurred 'for the provision of' number portability service." *LNP Cost Classification Order* at ¶ 10; *see also Long-Term Number Portability Filings, Ameritech Operating Companies, GTE System Telephone Companies, GTE Telephone Operating Companies, Pacific Bell, Southwestern Bell Telephone Company,* Memorandum Opinion and Order, 14 FCC Rcd 11883 (1999) ¶ 7 (disallowing costs included in certain LNP tariffs and prescribing rates, and approving other LNP tariff revisions after costs had been adjusted). A similar principle should apply here.

[41] *See* Verizon Comments at 20 (estimating that cost of making all of its switches AIN-capable would exceed $100 million); *see also* BellSouth Comments at 23 (stating that the capability of activating the N11 trigger, one of the technical prerequisites for 411 prescription, is available in BellSouth's AIN-capable end offices, but that 60 switches in the BellSouth region are not AIN-capable).

[42] *See Telephone Number Portability,* Memorandum Opinion and Order on Reconsideration and Order on Application for Review, 17 FCC Rcd 2578 at ¶ 116 (2002) ("only the incremental portion of advancement costs that are directly related to the provision of number portability are eligible number portability costs.") *See also Provision of Access for 800 Service,* Second Report and Order, 8 FCC Rcd 907 at 911, ¶ 28 (1993) ("Those costs which are not ... specifically incurred for the implementation and operation of the 800 data base system, such as core SS7 costs, will not be afforded

To the extent that the Commission considers costs that are not specific to 411 presubscription, it should also consider the additional benefits such upgrades would bring. Many of the network upgrades that the BOCs claim are necessary to implement 411 presubscription (*e.g.*, making more switches AIN-capable) will have benefits that extend beyond DA services. AIN, for example, facilitates many important functions, including database query and routing tasks required for the implementation of Local Number Portability (LNP), routing of calls to toll-free numbers, and the provision of Caller ID with Name (CNAM).[43] In addition, any technical solution that enables 411 presubscription – whether using AIN or alternatives such as customized routing – is also likely to allow for presubscription to other N11 codes, such as the 711 code used to provide Telecommunications Relay Services (TRS).[44] Implementing 711 presubscription would, in turn, bring the benefits of competition to hearing-impaired consumers that rely on TRS.[45]

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exogenous cost treatment. Nor will the costs of accelerating SS7 deployment to meet our implementation timetable be granted exogenous treatment.")

[43] Celentano 2000 Affidavit at ¶ 9. *See also Numbering Resource Optimization,* Report and Order and Further Notice of Proposed Rule Making, 15 FCC Rcd 7574 ¶ 173 (2000) ("To implement thousands-block pooling, the industry has proposed employing the Intelligent Network/Advanced Intelligent Network (IN/AIN) system used for LNP.")

[44] *See Use of N11 Codes and Other Abbreviated Dialing Arrangements,* CC Docket No. 92-105, Presentation of the National Association of the Deaf and Council of Organizational Representatives on National Issues Concerning People who are Deaf or Hard of Hearing, FCC Forum on 711 Access, at 5 (filed Sept. 27, 1999) (noting that 711 presubscription "can be accomplished through a database query initiated by an Advanced Intelligent Network..")

[45] Among its other benefits, competition "can open the door to new product and services innovation and improved [TRS] quality." *See id.* at 4-5 (noting that the FCC has acknowledged that "the greatest benefits of TRS will be realized when vendors directly compete for TRS consumers.").

F. Telegate Remains Committed to the U.S. Market

Despite the erroneous claims of one commenter,[46] Telegate has no plans to withdraw from the U.S. DA market. The mistaken claim to the contrary appears to be based, at least in part, on the commenter having confused Telegate with its parent company, Telegate AG.[47] While it is true that Telegate AG plans to find outside investors for its American affiliate Telegate, Inc., this does *not* mean that Telegate, Inc. is planning to withdraw from the US market.[48] Indeed, as the *Financial Times Deutschland* recently reported, Telegate plans to "stick[] to its U.S. plans."[49]

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[46] AT&T Comments at 4.

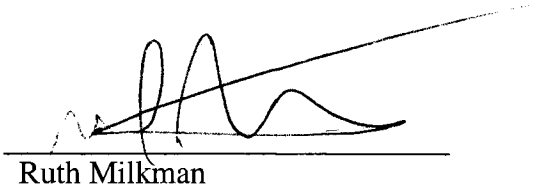
[47] Telegate, Inc., an American company headquartered in Texas, is a wholly owned subsidiary of Telegate AG, a German company.

[48] *Financial Times Deutschland*, April 4, 2002 (quoting Telegate-Chairman Klaus Harisch as stating that Telegate is 'looking for strategic partners that support our American plans.'").

[49] *Id.* AT&T's jibe about Telegate's having laid off some employees (AT&T Comments at 6-7, n.12) barely deserves a response. Reductions in work force are an unfortunate fact of business cycles in most industries, including telecommunications. What AT&T failed to mention in its comments is that Telegate has created almost 3,000 new jobs in Germany alone, mostly in areas of chronic high unemployment in Eastern Germany. In fact, the German government recognized Telegate as the Employer of the Year in 1999. Telegate is committed to bringing new, well-paying jobs to economically depressed communities in the United States.

III. CONCLUSION

For the reasons set forth above and in Telegate's initial comments, the Commission should open the DA market to competition by implementing either 411 presubscription or other cost-effective alternatives.



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Attachment A

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DECLARATION OF JOHN M. CELENTANO

I, John M. Celentano, declare as follows:

1. My name is John M. Celentano. I am President of Skyline Marketing Group, Inc., an Owing Mills, Maryland-based marketing consulting firm specializing in telecommunications and information technology. Our focus is public network infrastructure. In this area of specialization, we provide market research, strategy consulting and investment advice. Our client base includes telecom and IT equipment manufacturers, service providers, and selected financial and investment firms. Since 1980, we have advised the leading telecom and IT equipment manufacturers, and telecommunications service providers worldwide.
2. My principal area of specialization is analyzing demand for, and determining the strategic positioning of, advanced telecommunications and IT technologies in public network applications in ways that enable equipment manufacturers and their carrier customers to deliver value to business and residential subscribers. I have over 30 years experience in the telecommunications industry, and have held a variety of engineering, marketing, sales and management positions in both telephone operating companies and equipment manufacturers. As a consultant for over 20 years, I have helped equipment manufacturers and service providers define applications and leverage their telecommunications and IT technology to their customers' benefit. I have specific knowledge and expertise in the directory assistance (DA) market, having researched the market and subsequently published

my findings and conclusions in trade magazines.[1] I have also advised companies in the DA business on the development of their business plans.

3. On March 10, 2000, Telegate, Inc. (Telegate) submitted to the Federal Communications Commission (Commission) in CC Docket No. 99-273 a detailed proposal for 411 presubscription, including an in-depth Affidavit (the Affidavit) prepared by myself showing that this proposal could be implemented in a cost-effective and timely manner. I have reviewed SBC's cost estimates and criticisms of my earlier Affidavit. In the following discussion, I reaffirm the estimates of general capital costs and time set forth in my earlier Affidavit, subject to one change described in Paragraph 6 below. I also take this opportunity to clarify certain key aspects of Telegate's presubscription proposal.

4. Telegate's presubscription proposal does not envisage the construction of a new national signaling network, nor would it require any carrier to install an additional overlay network or new programming onto Class 5 switching software. Rather, 411 presubscription could be readily implemented by taking advantage of the existing Advanced Intelligent Network (AIN) architecture. The first operational phase of AIN – AIN 0.1 – is already widely deployed in the U.S., and in fact is operational in Class 5 local switches that serve well over 85% of the total access lines in the country today.[2]

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[1] *E.g.*, Celentano, John M., *Nationwide Directory Assistance: A Sound Choice in the Competitive Cacophony*, X-Change magazine, December 15, 1998.

[2] This figure reflects the fact that the Commission has required local number portability to be operational in the top 100 metropolitan statistical areas. In re Telephone Number Portability, *First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd. 7236, 7283, 7326-27, 7346-47 (1997), *modifying Order and Further Notice of Proposed*

5. Telegate's presubscription proposal is technically feasible, and could be readily implemented by taking advantage of the N11 "trigger" capability that can be added as a feature enhancement in all local switches equipped with AIN 0.1.[3] Today, when a subscriber dials a 3-digit Service Code, the switch routes the call to a dedicated trunk that connects the caller directly to a designated call center or bureau that handles such requests. If the N11 trigger feature were activated, the routing would no longer be dedicated. Rather, the Class 5 local switch would hold the N11 call while launching a database query to the Service Control Point (SCP) to determine how to route the call. The N11 call could then be routed to an alternate or competing service provider that has been preselected by the subscriber. This means that N11 codes, including 411, could be shared on a nondiscriminatory basis and used by multiple service providers in the same local service area.[4] DA calls would be routed in a manner that is identical to other pre-subscribed calls, such as 1+ calls that are switched onto Feature Group D trunks.[5]
6. While most of SBC's comments regarding costs were not relevant to Telegate's proposal for 411 presubscription, SBC did raise one point that was helpful. SBC correctly noted that some additional costs would be incurred in activating the 411 trigger in each Signal Switching Point (SSP).[6] The process is not onerous,

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Rulemaking, 11 FCC Rcd. 8352, 8355, 8393-96, 8482-85 (1996). *See also* Celentano Affidavit ¶¶ 23-24.

[3] For a general description of N11 triggers, *see* Celentano Affidavit ¶¶ 25-27.

[4] *See id.* ¶ 28.

[5] For a detailed description of the call flow that would occur after 411 is dialed, *see id.* ¶ 35.

[6] *See* SBC Comments at 29.

however. The required script would be written and tested by the switch manufacturers, which would deliver it to the incumbent LECs as part of a software upgrade. The LECs would then activate the trigger by a command from the Service Management System (SMS), and systematically download it to each switch using standardized procedures. Based on discussions with switch manufacturers, no new software development would be required. Rather, the trigger feature would be made available to the incumbent LECs for purchase on a right-to-use basis. The costs of inputting these features into the switch software load would be minimal, and would be part of the cost of LEC routine operations and maintenance.

7. Telegate's presubscription proposal would not involve any third party SCPs. Rather, Telegate's proposal envisages establishing one new SCP pair that would be dedicated to presubscribed DA service in each of the original seven RBOC regions.[7] Each new SCP pair would become part of the existing regional signaling network in which it was located, and would be managed by the BOC in that region.[8] Each new SCP would provide a look-up table containing routing data for each DA provider that is operating in the region.[9] Updating and managing the look-up table that resides on each SCP could be handled by a third-party, similar to the administrator that coordinates Local Number Portability

[7] Telegate's proposal could also be achieved with fewer than seven SCP pairs.

[8] *See* Celentano Affidavit ¶ 42.

[9] As explained in the Affidavit, the new SCP pair could also house a nationwide listing database to which all DA providers would have access. This listing database is not an essential component of Telegate's proposal, however.

assignments, changes, and updates. In fact, the same organization could handle both tasks.

8. Incumbent LECs could readily adapt their existing ordering and billing systems to accommodate 411 presubscription. In particular, the service order processing, service activation, and billing procedures that would be required for 411 presubscription would be the same as those already in place for long distance presubscription. For billing purposes, for instance, a 411 call would be recorded at the originating Class 5 switch, the competitive DA provider call center, the IXC tandem switch, and the terminating Class 5 switch. The call records could then be forwarded to the competitive DA provider's designated billing agent for processing.

9. More generally, Telegate's proposal assumes that incumbent LECs would be able to recover their costs, including a reasonable return on investment, for the installation and operation of all relevant facilities and services provided to competitive DA providers, just as they do today with facilities and services provided to an interexchange carrier, competitive LEC, or any alternate service provider.

10. Based on the above analysis, I continue to believe that an initial rollout of presubscribed DA could be readily implemented in a cost-effective manner, and that the technical implementation of the equipment and software needed for such a rollout could be ready for use by the incumbent LECs in less than a year.[10]

[10] Celentano Affidavit ¶ 57.

I, John M. Celentano, hereby declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Respectfully submitted this 30th day of April, 2002.

John M. Celentano

Certificate of Service

I, Denise Owusu, hereby certify that on this 30th day of April, 2002, I caused a copy of the attached Reply Comments of Telegate, Inc. to be delivered via first class mail to the following:

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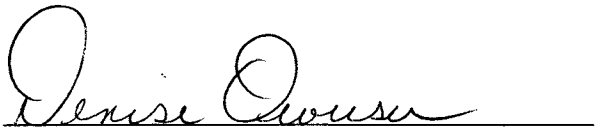

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